

Business Risk Assessment Using Client Strategy Analysis Approach in order to Increase the Efficiency and Effectiveness of the Audit Process

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Abstract

This study aimed to identify the business risks using the approach of the client strategy analysis in order to improve the efficiency and effectiveness of the audit process. A study of business risks and their impact on the efficiency and effectiveness of the audit process has been performed to establish a cognitive framework of the main objective of this study, in which the descriptive analytical method has been adopted. A survey questionnaire has been developed and distributed to the targeted group of audit firms which have profession license from the Auditors Association in the Gaza Strip (63 offices). A hundred questionnaires have been distributed to the study sample of which, a total of 84 were answered and collected. The data were analyzed using (SPSS).

The most findings: Auditors are more able to detect internal and external strategic risks for the client, Thus fore, increasing the efficiency and effectiveness of the audit process.

Key words: Auditing, strategy analysis, internal and external strategic risks, Client strategy analysis, Auditing in Gaza Strip



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Study General Framework

1. Introduction:

The environment surrounding enterprises is experiencing fundamental changes in the economic, social and political aspects. The severity of these changes has intensified significantly lately. Under these new changes, enterprises came to face a danger threatening their existence even though its continuation is considered one of the Hypotheses underlying the accounting measurement. Providing an opinion on this is one of the most important objectives of the audit.

2. Importance of study:

- Exploring the reality of the audit profession in Gaza Strip and measuring the extent of audit offices' commitment to providing its requirements. This study is considered a guiding reference through the developing of the current model with the strategy analysis model.
- Identifying the risks facing the auditor, this is performing that audit in order to achieve the best assessment of business risk. Thus, enhancing of the audit efficiency and effectiveness. In addition, importance of this study lies in its pursuit to increasing the auditor's efficiency and effectiveness through business strategy analysis of the enterprise for the purpose of enhancing the predictive ability when judging the continuity of the enterprise since. Is one of the most important tasks for an auditor.

3. Study Problem:

Accounting failure in expressing the reality of enterprises and their financial center lies in the sheer amount of the accounting operations. The lack of compliance with the rules of internal control due to the enterprise's practice of activities that are difficult to express financially in an objective manner. As for the failure of audit cases, it is attributable to the increase in their risks, In addition to the weakness in the predictive ability of the current audit model. The external auditor's exposure to the risk of litigation for failing to detect deception in the financial statements or providing an indication of the company's failure to achieve continuity and to achieve its goals is also considered one of most important problems and difficulties facing the auditor.

Business environment variables and following fair value approach have created a new reality that imposes analyzing the strategy prepared by the administration when measuring business risk for the purpose of enhancing the measurement of the continuity and growth of an enterprise. The Palestinian environment requires increasing the efficiency and effectiveness of the audit process by identifying the risks facing the auditor and enhancing the ability to detect deception in the financial statements. The study problem can be summarized by the following question:

what is the impact of business risk assessment using client strategy analysis approach to increase the efficiency and effectiveness of the audit process?



4. Study Objectives:

The study aims to:

- Identify business risks facing the auditor when performing the audit in Gaza Strip.
- Contribute to enhancing the auditor's efficiency through business strategy analysis for the purpose of enhancing predictive ability when judging the continuity of the enterprise.
- Improve the quality of the audit process, narrow the expectations gap in the audit process to the required level and produce outcomes and recommendations to improve the performance of audit offices in the Gaza Strip.
- Identify the elements of external audit quality control in the practice of audit offices operating in Gaza Strip, according to the international audit standard No. 220

5. Study Hypotheses:

In this part will be test the hypotheses that is related with objectives of study. The main Hypotheses: "There is a statistically significant relationship, at a confidence level of 5%, between independent axes (client strategy analysis, risk of material misstatements in the financial statements, inevitable risk while performing the audit, risk of the auditor's assessment of the internal control environment and the risk of the auditor performing audit tests) and between increasing the efficiency and effectiveness of the audit process".

The main Hypotheses diverges into the following sub-Hypotheses:

- 1) "There is a statistically significant relationship, at the level of 0.05, between client strategy analysis and increasing the efficiency and effectiveness of the audit process"
- 2) "There is a statistically significant relationship, at the level of 0.05, between the risk of material misstatements in the financial statements and increasing the efficiency and effectiveness of the audit process"
- 3) "There is a statistically significant relationship, at the level of 0.05, between the inevitable risk while performing the audit and increasing the efficiency and effectiveness of the audit process"
- 4) "There is a statistically significant relationship, at the level of 0.05, between the risk of the auditor evaluation of the internal control environment while performing the audit and increasing the efficiency and effectiveness of the audit process"
- 5) "There is a statistically significant relationship, at the level of 0.05, between the risk of the auditor performing audit tests and increasing the efficiency and effectiveness of the audit process"



6. Variables of This Study:

The study variables include dependent variables and other independent variables.

Independent variables: client strategy analysis, the risk of material misstatements in the financial statements, inevitable risk, the risk of evaluating the internal control environment and the risk of audit tests.

The dependent variable: the efficiency and effectiveness of the audit process (audit process quality).

7. Methodology of the Study:

1) Data sources:

• **Secondary sources:** books, periodicals, scientific research, specialized professional journals, articles and specialized websites were used.

• **Primary sources:** data was collected primarily through field research where a questionnaire was designed and then distributed to auditors, and accounting and auditing offices' owners and employees.

2) Data Analysis Methodology:

The data was analyzed using the descriptive analytical approach. All required statistical tests were also performed through (SPSS) Statistics software package such as the (T-TEST) for examining the research Hypotheses, Pearson Correlation Coefficient test, Kolmogorov-Smirnov Test in addition to several other statistical tests.

8. Study Population and Sample:

The Study population is comprised of auditors, audit managers and owners of audit firms and offices and their employees in Gaza Strip, who are registered and accredited by the Palestinian Association of Certified Public Accountants.

Regarding the study sample, questionnaires were distributed to most of the original population members, where the number of audit offices in Gaza Strip amount to (63) offices and the number of practicing employees in audit offices in Gaza Strip is (83) auditors.

9. Operational Definitions:

Audit risks: the risk that the auditor may unknowingly fail to appropriately modify his or her opinion on financial statements that are materially misstated. (AICPA-47 Standard)

Business risk: anything that pushes the company away from meeting its objectives and may lead to failure. (Knechel, 2007)

Business risk Audit (BRA): a new methodology that aims to widen the auditor's scope of focus from audit risks indicated by the existence of a deviation in the financial statements to business risks that may lead the company to fail in meeting its objectives.



10. Previous Studies:

1) Study (kullab, 2015): “Using strategy analysis to measure Business risks in order to increase efficiency and affectivity of auditing.

This study aimed mainly to identify the business risks using the approach of the customer strategy analysis in order to improve the efficiency and effectiveness of the auditing process. questionnaire has been developed and distributed to the targeted group of audit firms which have profession license from the Auditors Association in the Gaza Strip (63 offices). The most important findings of the study summarized in: The method of comparing the current customer data with the previous period data and comparing data on financial and non-financial information reduces the risk of audit procedures. , paying attention to data analysis provided to the auditors by the periodic reports with the auditors contributes to the reduction of the risk auditor's assessment of the internal auditing environment. The most important recommendations of the study can be summarized in: auditors need to provide their services to customers promptly when sought, and they should sustain good communication with customers on an ongoing basis and provide various needed information and advice to meet their needs.

2) (Almusdar, 2013) study: “Auditing Profession Impact on Audit Quality (Field Study on Audit Offices in Gaza Strip)”

The study aimed to show the extent of the impact of the auditing profession risks on the quality of the audit process by investigating audit risks and audit quality. The descriptive analytical approach was implemented. A questionnaire was prepared and distributed to (63) auditors. SPSS was used to analyze and test Hypotheses about audit offices in Gaza Strip. Among the most important findings of the study were that auditors' certainty about accounting estimates lead to reducing the risk and that spending adequate professional care and using the approach of comparing client data with the data of the activity that has high efficiency and effectiveness, leads to reducing detection risks. The study recommended to make extra efforts to develop auditors' capability and introduce them to technological advances. In addition to the need for auditors to possess good scientific and ethical merits, as this will raise the level of audit quality. The study also recommended the need for providing personal attention to the client and the importance of auditors' understanding of the clients' problems. In addition to the need for auditors to attain scientific and professional certificates.

3) (Abu Mialah, 2013) Study: “The Role of the Analytical Procedures in Reducing the Audit Risks According to the International Auditing Standard (520)”



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The study aimed to identify the role of the analytical procedures in reducing the audit risks according to the International Auditing standard (520). A questionnaire of 35 items distributed over four domains was prepared; it was distributed to 83 auditors. The results was the understanding among the auditors for the company activities, their evaluation of the company continuity, the absence of significant differences when applying the analytical procedures and their indication to potential deviations lead to reducing audit risks. Recommended that the auditor should apply the analytical procedures in the planning stage to understand the company activities and to identify the potential risks; analytical procedures should be applied when executing the audit process by the auditor when making decisions if the financial statements are consistent to his perception about the company's work. Training programs related to analytical procedures should be prepared to explain its importance and how it can be applied through the different stages of the audit process.

4) (Calderon, 2012) Study: "Past control risk and current audit fees"

The authors posit that audit fees are driven by historical risk factors and risk encountered in the current period. The study aimed to focus on risks by examining the impact of material weakness in internal control on current audit fees. Multiple regressions was used as the main research method. The most important findings of the study was that weaknesses in internal control incrementally affects current audit fees, this effect generally lasts for at least 3 years. In addition, the study concluded that companies who failed to maintain a control system suffered much higher losses than other companies did. The study recommended investigating risk factors to study and determine audit fees.

5) (Awdah, 2011) Study: "The Impact of Audit Approach Based on Business Risk on External Auditing Quality"

The study aimed to identify the effects of applying the business risk based audit approach in Jordanian audit firms on external audit quality and to present recommendations to audit firms in Jordan on the advantages and disadvantages of applying the business risk based audit approach. The study population comprised the 13 largest audit firms in Jordan. As for the study sample, it consisted of 165 auditors working in those offices. Suitable statistical procedures were implemented. One of the most important findings the study concluded were that the concept of business risk based audit has an impact on achieving added value for audit clients, reducing audit risks, directing external audit procedures towards more-important issues, supporting independence in auditors, and on the effective application of quality control on external auditing activities. The study recommended requiring audit firms to continuously improve the abilities of their employees in order to keep up with new advances in the auditing profession as to help with development of and reinforce the public trust in the profession.



6) (Almoqtry, 2011) Study: “The Importance of Professional Specialization of the Auditor in Enhancing Audit Risk Evaluation, a Field Study in the Republic of Yemen”

The study aimed to show the importance of the role of professional specialization in enhancing audit risk assessment. The study implemented the descriptive approach. 150 questionnaires were distributed. SPSS software was used. The study concluded were that the lack of fundamental differences among auditors’ opinions on the importance of professional specialization of the auditor regarding the audit process through enhancing the decisions of audit process planning and reinforcing auditor’s independence. the consensus among auditors on the importance of professional specialization of the auditor in enhancing the efficiency of audit risk assessment represented in the control risk, detection risk and inevitable risk through determining the commitment tests and judging the effectiveness of internal control system. The study recommended that it is necessary for the professional scientific societies to organize training courses for auditors and that it is fundamental for audit offices and firms in Yemen to have more integration among them to attain the required human and professional recourses in order to raise the audit process efficiency.

7) (Arar, 2009) Study: “To What Extent Do External Auditors in Jordan Comply with Tests and Procedures in Evaluating Risks of Fundamental Errors in Auditing Financial Statements”

The study aims to investigate the commitment extent of external auditors in Jordan, with the procedures and risk assessment tests of Fundamental Errors in auditing the financial statements. The questionnaire was distributed to the study sample consisting of (100) auditors, (50) for the external auditors and (50) for the internal auditors. Among the most important conclusions the study reached were that the external auditor in Jordan implements the procedures and tests required for understanding the entity and its environment in order to evaluate material misstatements. Therefore, there is a relationship between the auditor’s understanding of the entity environment and his ability to evaluate the material misstatement risks when auditing financial statements. The study also recommended attending to enrolling unexperienced auditors in accounting courses specialized in the evaluation of material misstatements when auditing financial statements. In addition, the necessity for giving attention to holding specialized courses required for reveling material misstatements and the manipulation of published financial statements.

8) (Altwaijry & Alnafaby, 2008) Study: “The Efficiency of Audit Service: an Analytical Study of the Relevant Factors from the Auditors Point of View”

The study aimed to explore auditors’ opinions regarding the factors that have a potential effect on the audit quality, the factors affecting client preferences when choosing an audit office. The Study was conducted in Saudi Arabia on audit offices.



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The descriptive and analytical approaches were used where (95) questionnaires were distributed, SPSS software was used. The conclusion, most important among which was that the most influential factors on audit quality from the auditors' were: the practical experience of audit office members in the audit field, the objectivity during the audit process, evaluating and writing reports on financial statements and the operational efficiency of audit offices members. The study recommended the necessity for audit offices to adhere to objectivity and professional ethics when examining financial statements, the importance of audit offices independence from the client entity and spending sufficient effort and time in any audit activity due to the significant effect this has on the quality of the provided service.

9) (Karsoa', 2008) Study: "Audit Risks and the Contribution Fields of the External Auditor to Decrease its Effect on the Financial Statements in Auditing Process"

The study aims to identify audit risks and the external auditor's fields of contribution to decreasing its effect on the financial statements. To achieve the study objectives the scientific approach was followed through designing a questionnaire. The distributed questionnaires were (85), and (64) questionnaires were replied. Among the most important findings the study concluded were that, the use of statistical sampling decreases the audit process risks, using the computer in the audit process decreases the audit process risks and that ensuring the validity and reasonableness of accounting estimates decreases the audit process risks. The study recommended the use and application of statistical sampling methods correctly in order to reduce the audit process risks, the need for the auditor to be aware of the computer components and ensuring accuracy of the input, output and processing of the data. In addition, the auditor must use his diligence and professional experience on the financial statements level to unveil the inherent risks.

10) (Abdullatif & Al-Khadash, 2009) Study: "Putting Audit Approaches in Context: The Case of Business Risk Audits in Jordan"

The Study aimed to investigate the applicability extent of the existing business risk based audit approach in developing countries, taking into account the different environmental factors among the developed countries that have adopted establishment and development of this approach. In addition, the study sought to determine the applicability of some of the factors related to the business risk based audit approach in audit offices and what impact does the decrease in audit fees have on the application of business risk based audit approach.



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The results show that audit offices has adopted business risk based audit approach to varying extents by relying on the role of the regional audit institution. There is a problem for many audit offices where if they attempted to implement some factors relating to business risk based audit approach such as governance system effectiveness; this would lead to performance at the same level as fundamental tests, which enables them to increase their power and control. The implementation of business risk based audit approach in Jordan is considered a luxury where costs rise to achieve limited benefits.

11) (Curtis & Turley, 2007) Study: “The Business Risk Audit: a longitudinal case study of an audit engagement”

The study aimed to unveil the impact of audit quality on business risks. The study was conducted through a case study for a U.S. Company that have been using business risk audit system for five years. The authors interviewed the company’s audit team and reviewed the actual audit files. The study concluded the importance of the role that the audit process plays in corporations and the need for the development of the audit methods, procedures and means consistently to overcome any obstacles that may face the audit process. In addition to the existence of some conflicts in the audit process approach within the company’s organizational context, either in the complex relationship between the executives and employees of large accounting companies or in the knowledge and management structure used to support audit reports delivery.

12) (Kotchetova-Kozloski, Messier, 2006) Study: “Linkages Between Auditors’ risk Assessments in a Risk-Based Audit”

The study aimed to evaluate the risk-based audit. A test was performed for a series of Hypotheses relating to auditors’ identification of business risk and their assessment of material misstatements ant the entity level, their performance of business process analysis and related process-level risk assessments and their assessments of the risk of material misstatements at account level. The results have shown that when the auditors identify more business risks, the number of reports containing these Risks increases and that with respect to the auditors’ assessments of the risk of material misstatement at the financial statement account level, these assessment are directly related to the auditors’ assessments of the risk of material misstatement at the entity level. In addition, material misstatements risks at the financial statements accounts level are affected by the auditor assessment of business risks at the process level.

13) (Sun, 2004) Study: “The Three Trials to Assess Businesses Risks”

The study aimed to develop and improve audit risk assessment models. This study is divided into sections, the first section addresses and suggests alternative methods to analyze the information systems safety risks. The second section addresses evaluation of the performance related to involved auditors’ opinions and statistical models to be able to predict bankruptcy. This study presents the developing of a statistical model that existed since 1994.



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The study results have shown that it is possible to use a certain statistical model and a certain cost to make a comparison and that involved auditors' opinions can be better similar or worse than statistical models. The study recommended the proposal of a method that helps in choosing bankruptcy predictions from several possible variables; this method relies on assuming that the distribution of combined variable and the use of more than one variable in the prediction model is normal.

14) (Elitzur, 1996) Study: "Planned audit quality"

The aim of the study was to investigate the quality of the audit process. The main motivation was by suggestions to impose mandatory rotation of independent auditors and by the passing of a bill by the U.S. Congress, which reduces the auditor's civil liability for audit failure. A multi-period model for planning of optimal audit quality by external auditors was offered by the author. The results of the study show that, it is important that external auditors possess qualities of technical efficiency, independence, neutrality and objectivity when examining financial statements to be able to achieve a high quality audit and that with higher audit fees, the planned audit quality increases.

What is distinguishes this study from previous studies?

Differences: previous studies did not discuss strategy analysis as an approach to identify business risk.

Similarities: previous studies discussed the risks the auditor faces when implementing the audit process. This study is similar to previous ones in terms of the subject discussed, which is business risks.

What is distinguishes of this study?

it is considered one of the important studies addressing the audit process in Gaza Strip especially for auditors identifying the extent of business risks using client strategy. This study sheds light on the reality of the audit profession in Gaza Strip and on the efforts to increase the efficiency and effectiveness of the audit process. In addition, previous studies addressed audit risks assessment without taking into consideration analyzing and understanding the client strategy, although taking it into consideration reduces the effort the auditor exerts when identifying risks, and thus increasing the efficiency and effectiveness of the audit process.

Business risks and their relationship with client strategy

The audit profession is facing many business risks; some are external related to business environment, others are in the audit process itself within the manual and electronic tasks. The American Institute of Certified Public Accountants (AICPA) defines Audit Risks as the risk that the auditor may unknowingly fail to appropriately modify his or her opinion on financial statements that are materially misstated (AICPA-47) and it consists of three components.



1. Audit risk components: Audit risk consists of the following components:

1) Inherent Risk:

The susceptibility of an account balance or class of transactions to misstatement that could be material, individually or when aggregated with misstatements in other balances or classes, assuming that there were no related internal controls (Association of International Accountants, 2007, p. 141). This risk is one of the most crucial risks to assess accurately since the audit process efficiency is affected when it is identified higher than it should be, which requires greater effort by the auditor (Arar, 2009, p. 67)

2) Control Risk:

The risk that a misstatement, that could occur in an account balance or class of transactions and that could be material individually or when aggregated with misstatements in other balances or classes, will not be prevented or detected and corrected on a timely basis by the accounting and internal control systems (Association of International Accountants, 2001, p. 221). Control Risks represent a measure for the auditor's estimation of the probability of misstatements higher than the potential value in a subset of account balances which will not be prevented or detected by the client internal control systems. Control risks are generally considered:

- An assessment of the client's internal control effectiveness in preventing and discovering misstatements.
- The auditor's desire for this assessment to be under the maximum 100% as a part of the audit plan.

3) Detection Risk:

The Association of International Accountants defined the detection risk as the risk that an auditor's substantive procedures will not detect a misstatement that exists in an account balance or class of transactions that could be material, individually or when aggregated with misstatements in other balances or classes (Ibrahim, 2009, P65). It can also be defined as "the risk resulting from the internal control procedures failure to detect misstatements in a certain account balance or transaction. There is a constant presence of detection risk even if the auditor examined all account balances and transactions with 100% efficiency, because the majority of the evidence is convincing rather than conclusive." (Ali, 2006, p. 39)

Considerations the auditor should take into account regarding detection risks:

The auditor should take into account the following considerations: (Ibrahim, 2009, p. 66)

- The nature of substantive procedures, such as the use of tests directed at independent third parties instead of parties within the entity.
- The timing of substantive procedures, such as performing the procedures at the end of the period rather than the start.



• The extent of substantive procedures, such as using a larger sample. These risks are expressed by a model that represents a link between procedures the auditor performs and his opinion. This model can be expressed using the following equation:

$$(AR) = (IR) \times (CR) \times (DR)$$

Where: AR (Audit Risk), IR (Inherent Risk), CR (Control Risk) and DR (Detection Risk)

It is clear from the foregoing that there is an inverse correlation between detection risks and each of inherent risks and control risks. Since whenever there is a decrease in the degree of any inherent risks or control risks the auditor believes exists, the auditor's detection risks increase and vice versa. (Aldeap, and Shihata, 2013, p. 160)

2. Acceptable audit risks within business risk

Business risk is defined as the possibility for the auditor or audit office to sustain damages after performing a certain audit process, even if the audit report of the client was correct, for instance the client filing for bankruptcy after the audit process is completed; thus, the likelihood of litigation against the audit firm becomes higher even if the quality of the audit was good. Business risks might be manifested as the auditor incurring litigation costs, the auditor suffering damages to his professional reputation or as punitive actions taken against him by the regulators.

Auditors take into consideration business risks when presenting the evidence by using acceptable audit risk control.

Acceptable audit risks:

Acceptable audit risks are considered a measure of the auditor willingness to accept the presence of material misstatements in light of the relative importance of the financial statements after the audit completion and the issuing of a clean report. When the auditor decides a low level of acceptable audit risks, this means that the auditor wants to ensure the absence of material misstatements in the financial statements where when the risk is determined to be zero means complete assurance. Complete assurance, zero risk, in the financial statements is considered unrealistic from an economic point of view, because the auditor cannot guarantee the complete absence of material misstatements. (Lutfi, 2007, p28)

3. The application stages of the strategy analysis approach:

Strategy analysis approach consists of several stages; these stages can be summarized as follows:



First stage: The evaluation of Strategy effectiveness

The evaluation is implemented using data relating to the client's business model such as external threats, the strategy capability to face these threats, the client compatibility with the economic environment and his anticipation of strategic risks in addition to his ability to achieve the strategy objectives (Bell, 2009, p. 34). Through this evaluation, the auditor obtains a deep understanding of the overall picture of the client rather than understanding separate parts of the client's system. Subsequently, the auditor investigates the impact of external threats on strategic risks facing the client such as competition intensity so that he can face these threats.

Second Stage: understanding the strategy management efficiency

At this stage, the auditor collects information on how to manage the strategy in a way that this information enables him to determine the compatibility between strategy management and between external risks and financial reports. Then judging the success in implementing the strategy. When collecting this information the auditor is assisted by performance indicators set by the administration for the purpose of achieving the objectives (Kotchetova, 2003). To be able to understand the entity ability to manage the strategy inherent risk the auditor must evaluate the entity's main processes and how the management works on decreasing risk through implementing good control procedures since these main processes are considered the main link to the financial statements. A good performance evaluation system provides the auditor with information that helps him in evaluating the strategy and then assessing inherent risk. Accountants provide performance management systems and set standards either on the level of one particular department or on all departments. The auditor can use the same standards to determine if the entity results are keeping up with expectations. These standards can also be used to identify problems in the administration strategies on the department level, which makes these systems a reliable tool for the auditor to be able to assess business risks and then the risk of material misstatements in the financial statements. (Kotchetova, 2003)

Third stage: designing audit tests in the light of risk assessment

The information obtained by the auditor in the previous two steps leads to a comprehensive understanding of the entity's processes being audited. Predictions about the main financial statements assertions and then planning audit tests. These expectations go through several stages starting with full client strategy evaluation to set a general visualization of the entity and its relationship with its surroundings, measuring potential risks resulting from this relationship and then determining how the entity tracks the performance by setting a system to monitor performance and risks relating to implemented control procedures. After that, it is residual risk that then becomes the risk that the entity cannot control, which can affect the entity continuation and ability to make profits.



Knechel's 2001 study indicates the importance of determining residual risk through which the administration may be exposed to pressures driving them to actions incompatible with the proper financial report requirements. Thus, determining this risk leads to raising the audit process efficiency.

4. Strategy analysis implementation approaches for enhancing business risk assessment.

There are several approaches to implement strategy analysis for enhancing business risk assessment, the most important of which are as follows:

1) Top-down assessment approach:

This approach is based on performing the analysis and collecting information and data from the top down where the auditor begins by understanding the nature of the entity's business, its regulations and its variables. The auditor then moves on to understand the content of the strategy prepared by the entity, its responsiveness to specific circumstances and variables and the extent of the administration success in managing and implementing the strategy. The auditor then moves to operational (ongoing) activities. In all these stages, the auditor assesses inevitable risk and control risk to which the entity is exposed and how successful these stages are in reducing the risk to the residual risk. (Awda, 2011, p. 42)

2) Bottom-up assessment approach:

This approach is based on performing the foregoing activities, only in reverse order.

5. The advantages and disadvantages of each approach are:

O'Donnell's 2002 study pointed out two approaches to acquire the knowledge needed to make decisions about the risks of material misstatements. Which are the top-down and the bottom-down risks assessment approach. The study also indicated that by using the former, the auditor was able to develop a strategic knowledge framework when assessing the total risk, which is an indication of the probability of material misstatements in the financial statements, while when the later is used the same could not be achieved.

Implementing the former is preferred (Bell, 2003, p. 168) since the auditors had an advantage by using it compared to others who relied on the later as those who used the former approach possess an intellectual framework that improves their assessment of the evidence obtained during the audit. In addition, the former approach promptly identifies the nature of business risks that pose threats to the entity and impairs achieving the objectives and thus affects the fairness of the information contained in the financial statements. Initial impressions without a doubt has a strong impact on subsequent judgments. Therefore, the auditor who obtains initial information on the strategy of the entity can better understand the nature of the operations of the entity and also better assess the objectivity of the evidence.



In spite of the advantages achieved by the former approach, there are reservations about it in the sense that the initial impression resulting from strategic analysis may adversely affect the subsequent stages of the audit, especially the analytical procedures, where the auditor assesses the fundamental fluctuations in the calculations according to the initial impressions when assessing the strategy. (Bell, 2003, p. 169)

Study Process

1. Study Methodology:

- 1) **Primary sources:** designing a questionnaire and distributing it to the auditors and employees of the accounting and auditing offices.
- 2) **Secondary sources:** books and periodicals, scientific research, specialized professional journals and the Internet.

The data was analyzed according to the descriptive analytical approach. The statistical software (SPSS) was used to perform tests such as the (T-TEST) to examine the study Hypotheses and (Pearson Correlation coefficient) test and Kolmogorov-Smirnov Test, in addition to several other statistical tests.

2. Study Population and Sample:

The study population consists of the auditors registered in the Palestinian Association of Certified Public Accountants. Questionnaires were distributed to majority of the original population members in Gaza Strip, (63) offices. The number of employees working in audit offices in Gaza Strip amounts to (83) auditors. (100) questionnaires were distributed (84) questionnaires valid for study and analysis were replied.

3. The study instrument (questionnaire) preparation steps:

After arbitration, the questionnaire contents consisted of section that includes the personal variables of the study sample members, the second section expresses the independent axes and the dependent variable, which includes (76) paragraphs distributed on these axes as illustrated in table (1).

Scoring the study instrument (questionnaire):

- 1) The five point (Likert Scale) was used to score the study instrument as illustrated in table (2):
- 2) The average and the relative weight were used to determine the level of agreement for each paragraph and axis. Table (3) illustrates levels of agreement:

4. Validity and reliability of the questionnaire

1) Content related validity (Face Validity)

The questionnaire was presented to a number of arbitrators and was amended until it took its final form.

2) Validity of sub-dimensions

This is done by calculating the correlation coefficient between the total score of the questionnaire and the sub-dimensions and sub-fields of the questionnaire. The results, as shown in Table (4), indicate that the correlation coefficients, at the independent axes level, ranged between (0.615) for the "inevitable risk during audit" axis and (0.885) for the "Risk of Audit Tests" axis.



At the level of axes, the correlation coefficient of the independent axes as a whole with the overall score of the questionnaire was (0.991). Whereas the dependent variable “efficiency and effectiveness of the audit process” correlation coefficient with the overall score of the questionnaire was (0.896). All correlation coefficients (validity) were statistically significant at (0.05), indicating a good degree of sub-dimensional validity.

3) Internal consistency:

The following shows the verification results:

- It is clear from Table (5) that the coefficients of internal consistency for the paragraphs of the first axis are all statistically significant at level (0.05) except for the fifth paragraph, so it will be deleted from the analysis. The values of the consistency coefficient for the axis paragraphs ranged between (0.449) for the eleventh paragraph and (0.718) for the thirteenth paragraph.
- It is clear from Table (6) that The internal consistency of all paragraphs was statistically significant at level 0.05 except for paragraph (13). Therefore, it will be deleted from the analysis. The values of consistency coefficient of the axis paragraphs ranged between (0.377) for paragraph (2) and (0.805) for paragraph (7).
- It is clear from Table (7) that the coefficients of the internal consistency of the paragraphs were statistically significant at level 0.05, where the values of the consistency coefficients of the axis paragraphs ranged between (0.391) for the second paragraph and (0.625) for paragraph (1).
- It is clear from Table (8) that the coefficients of the internal consistency for all of the fourth axis paragraphs were statistically significant at 0.05, where the values of the consistency coefficients of the axis paragraphs ranged between (0.535) for the first paragraph and (0.835) for the eighth paragraph.
- It is clear from Table (9) that the coefficients of internal consistency for the paragraphs of the fifth axis are statistically significant at the level of 0.05, where the consistency coefficients of the axis paragraphs ranged between (0.374) for the fourth paragraph and (0.833) for the tenth paragraph.
- It is clear from Table (10) that the coefficients of the internal consistency for the paragraphs of the dependent variable are all statistically significant at the level of 0.05, where the consistency coefficients values for the axis paragraphs ranged between (0.411) for paragraph (6) and (0.763) for paragraph (1).

5. Reliability of the questionnaire paragraphs:

(SPSS) software provides several methods to calculating the reliability of the study instrument.

1) Split-Half Coefficient:

The reliability of the data can be measured using the half-split method, where the paragraphs are divided into two halves, the first containing odd paragraphs and second containing even paragraphs. The correlation coefficient between the two halves is then calculated. (Abu Hashim Hasan, 2006, p. 6). It is then modified



by calculating the reliability coefficient using (Spearman-Brown) equation: ($R = \frac{2*r}{1+r}$)

Where:

R is the reliability coefficient.

r is the correlation coefficient.

It is clear from Table (11) that the modified correlation coefficient was (0.948). The modified correlation coefficients for the independent axes ranged between (0.598) for the “risk of material misstatement in the financial statements” axis and (0.895) for the “The risk of auditor’s assessment of the internal control environment” axis. It is also noted that the modified Spearman correlation coefficient for the paragraphs of the dependent variable “Efficiency and effectiveness of the audit process” was (0.863). In general, we notice that the modified Spearman Brown coefficient for the questionnaire as a whole was (0.960). We conclude that all modified correlation coefficients are high, indicating a high degree of consistency in the data.

2) Cronbach’s Alpha method:

Table (12) shows the results of the Cronbach’s Alpha calculation of reliability. Stability coefficients were generally (High) for all of the questionnaire axes. The coefficients ranged between (0.662) for the third axis and (0.890) for the fourth axis. It is also noted that the stability coefficient of the independent axes as a whole was found to be (0.955). As for the stability coefficient for the dependent variable, it was found to be (0.897). Overall, the total stability coefficient of the questionnaire was (0.967). All previous results indicate a high degree of stability and thus it can be relied on, analyzed and generalized on the study population.

6. Normal distribution of the study variables:

All variable of the study follow the normal distribution where the test’s significance level for all variables was higher than 0.05 and therefore the (One Sample t-test) will be used to analyze the axes, The (13) table illustrates this.

Testing and discussing the study Hypotheses

1. Statistical description of the study sample:

1) The study sample distribution based on gender

It is evident that the majority of the members of the study sample (73.8%) are male, (62) individuals. The remaining percentage (26.2%) are female, (22) individuals. This indicates that the vast majority of the employees working in audit offices are male. Table(14)

2) The study sample distribution based on age

It is evident that (51.2%) of the members of study sample are under 30 years old, representing (43) individuals. (29.8%) are between the ages of 30 to 40 years, representing (25) individuals. (10.7%) are more than 51 years old, representing (9) individuals. The least percentage was (8.3%) representing (7) individuals between the ages of 41 and 50 years.



The sample indicates that the majority of employees in the audit profession are from the youth category who are just starting to practice this profession. (Table 15)

3) The study sample distribution based on years of experience

It is evident that (48.8%) of the members of the study sample had less than 5 years of experience, representing (41) individuals. (22.6%) had experience between 5 and 13 years, representing (19) individuals. (14.3%) had experience between 14 and 20 years and the same for individuals with more than 20 years of experience, representing (12) individuals for each category.

The sample shows a low level of experience, with the highest percentage (48.8%) having less than 5 years of experience. This means that the quality of the audit can be affected by the low professional experience of the auditor. (Table 16)

4) The study sample distribution based on academic qualification

It is evident that (73.8%) of the members of the study sample had a bachelor's degree, representing the vast majority (62) individuals. (17.9%) had a master's degree, representing (15) individuals. (6%) had a diploma degree, representing (5) individuals. The lowest percentage (2.4%), represents (2) individuals with a doctorate degree.

The percentage of individuals who had a bachelor's degree was found to be the highest (73.8%). This indicates that higher academic qualifications means increasing the efficiency and effectiveness of the audit process. (Table 17)

5) The study sample distribution based on job description

It is evident that majority of the members of the sample are auditors with a percentage of (51.2%), representing (43) individuals. (19) Individuals are audit managers with a percentage of (22.6%). (20.2%) are audit assistants, representing (17) individuals. In addition, the lowest percentage (6%) represents (5) individuals who are the owners of audit offices. It is clear that the majority of those working in audit offices in the Gaza Strip are auditors (51.2%) followed by audit assistants (22.6%) which lead to increasing the quality of the audit. (Table 18)

6) The study sample distribution based on academic specialization

It is evident that the majority of the members of the study sample specialized in accounting with a percentage of (96.4%) representing (81) individuals. (3.6%) specialized in business administration, representing (3) individuals. It is clear that there is a high percentage of auditors specialized in accounting, where their percentage reached (96.4%) of the study population, indicating an increase in efficiency and effectiveness of the audit process. As for the business administration specialization, the auditor may not be licensed to practice the profession according to law 9 of (2004). (Table 19)

7) The study sample distribution based on professional certificates

It is evident that (29.8%) of the members of the study sample have an "Arabic ACPA" certificate, representing (25) individuals. (1.2%) have an "American



CPA” certificate, representing (1) individual. (47.6%) do not hold any professional certificate, representing (40) individuals. The percentage of holders of other certificates was (21.4%), representing (18) individuals. This indicates the decrease in the percentage of auditors who have obtained professional certificates. (Table 20)

2.the study axes analysis results:

1) Results related to the first axis “Client strategy analysis”

• The (Table 21) shows the results of the statistical analysis for the paragraphs of the first axis “Client strategy analysis”

• It is evident that the level of agreement for all of the paragraphs of the axis is “High”, where the average values for the paragraphs of the axis ranged between (4.14 out of 5) for paragraph (1), which had a t of 83% and ranked first in terms of the average value, and (3.55 out of 5) for paragraph (10), which had a relative weight of 71% and ranked last in terms of the average value. In general, it is clear that the general average for the axis as a whole was (3.95 out of 5) with a standard deviation of (0.42) and a relative weight of 79% which indicate a high level of agreement.

• To check if the average of the answers for the whole axis equals the value of (3) which reflects a neutral score, (One Sample T-Test) was used. Table (22) shows this.

• It is clear that T-test value is statistically significant at the level 0.05, where the calculated level of significance was (0.000). The answers average exceeds the value (3) by (0.95) degree. This indicates that the members of the study sample have a positive position towards the axis “client strategy analysis”. Meaning that there is a high agreement on this axis.

2) Results related to the second axis “The risk of material misstatement in the financial statements”

Table (23) shows the results of the analysis.

• The level of agreement for all paragraphs of the axis was “high” except the third paragraph, which was “very high”. The average values of the paragraphs of the axis ranged between (4.23 out of 5) for the third paragraph with a relative weight of 85% and ranked first in terms of the average value, and (3.71 out of 5) for the fifth, which had a relative weight of 74% and ranked last in terms of the average value.

• In general, it is clear that the general average for the axis as a whole was (3.92 out of 5) with a standard deviation of (0.43) and a relative weight of 78%. This indicates a high level of agreement on the paragraphs of the axis “the risk of material misstatement in the financial statements”

• To check if the average of the answers for the whole axis equals the value of (3) which reflects a neutral score, (One Sample T-Test) was used. Table (24) shows this.



• It is evident from the previous table that the value of the T-test, for checking if the answers average equals the value (3) or not, was statistically significant at the level 0.05, where the calculated level of significance was found to be (0.000). The answers average exceeded the value (3) by (0.92) degrees. This indicates that the study sample members had a positive position towards the axis “The risk of material misstatement in the financial statements”, meaning that there is a high level of agreement on this axis.

3) Results related to the third axis “Inevitable risk during the audit process”

• We checked if the average of the answers for the axis as a whole equals the value (3) which reflects the neutral score using (One Sample T-Test). Table (25) shows the analysis results.

• The average values for the paragraphs ranged between (3.14 out of 5) for the first paragraph which ranked (First) with a relative weight of 83%, and (3.39 out of 5) for the fifth paragraph which ranked (last) with a relative weight of 68%. In general, it is noted that the general average of the axis as a whole was found to be (3.78 out of 5) with a standard deviation of (0.43) and a relative weight of 76%, indicating a high level of agreement on the paragraphs of the axis. To examine if the average for the whole axis equals the value of (3) which reflects a neutral score, (One Sample T-Test) was performed. Table (26) shows this.

• The results were statistically significant at the level (0.05), where the significance level was (0.000). The average of the answers exceeded the value (3) by (0.78), indicating that the position of the members of the study sample towards the axis “Inevitable risk during the audit process” was positive, meaning that there is a high level of agreement on this axis.

4) Results related to the fourth axis “The risk of auditor’s assessment of the internal control environment”

• We checked if the average of the answers for the axis as a whole equals the value (3) which reflects the neutral score using (One Sample T-Test). Table (27) shows the analysis results.

• The level of agreement on all paragraphs of the axis is “High”, where the average values for the paragraphs of the axis ranged between (3.9 out of 5) for the paragraph “analysis of the data provided by the periodic reports reduces control risk” which had a relative weight of 78% and ranked (First) in terms of average value and (3.69 out of 5) for the paragraph “There are clear criteria for assessing internal control”, which had a relative weight of 74% and ranked last in terms of the average value. In general, it is noted that the general average for the axis as a whole was (3.82 out of 5) with a standard deviation of (0.47) and a relative weight of 76%. This indicates a high level of agreement on the paragraphs of the axis “The risk of auditor’s assessment of the internal control environment”.

• To check if the average of the answers for the whole axis equals the value of (3) which reflects a neutral score, (One Sample T-Test) was used. Table (28) shows this.



• The value of the T-test is statistically significant at the level 0.05, where the calculated level of significance was found to be (0.000). The answers average exceeded the value (3) by (0.82) degrees, indicating that the position of the members of the study sample towards the axis “The risk of auditor’s assessment of the internal control environment” was positive, meaning that there is a high agreement on this axis.

5) Results related to the fifth axis “Risk of audit tests”

• Table (29) shows the analysis results.

• The average values for the paragraphs of the axis ranged between (3.99 out of 5) for the paragraph “Auditors carefully define the scope of the audit process”, which had a relative weight of 80% and ranked (First), and (3.50 out of 5) for the paragraph “Applied analytical tests tries to achieve all objectives mentioned in the International Audit Manual related to analytical audit”, which had a relative weight of 70% and ranked (Last). In general, the value of the general average for the axis as a whole was (3.80 out of 5) with a standard deviation of (0.46) and a relative weight of 76%. This indicates a high level of agreement on the paragraphs of the axis.

• To check if the average of the answers for the whole axis equals the value of (3) which reflects a neutral score, (One Sample T-Test) was used. Table (30) shows this.

• The value of the T-test is statistically significant at the level (0.05), where the calculated level of significance was (0.000). The answers average exceeded the value (3) by (0.8) degrees, indicating that the position of the members of the study sample was positive, meaning that there is a high level of agreement on this axis.

• Table (31) summarizes the results of the overall score for the independent axes as a whole. The first axis “Client strategy analysis” ranked first with an average of (3.95 out of 5) while the third axis “Inevitable risk during the audit process” ranked last with an average of (3.78 out of 5). The Total average for the domain as a whole was (3.86 out of 5) with a relative weight of 74%. This indicates that there is a high level of agreement for the members of the study sample on the dependent axes as a whole. Table (31) shows the analysis results.

6) Results related to the dependent variable “Efficiency and effectiveness of the audit process”

• Table (32) shows the analysis results for the paragraphs of the sixth axis “Efficiency and effectiveness of the audit process”

• The average values for the paragraphs of the axis ranged between (4 out of 5) for the paragraphs (1, 2, and 16), which had a relative weight of 80% and ranked first, and (3.73 out of 5) for paragraph (7) which had a relative weight of 75% and ranked last. The general average of the axis as a whole was (3.88 out of 5) with a standard deviation of (0.43) and a relative weight of 78%, indicating a high level of agreement. Table (33) shows the results of (One Sample T-Test) to check neutrality.



- The value of T-test is statistically significant at the level (0.05), where the calculated level of significance was (0.000). The answers average exceeded the value (3) by (0.88) degrees, the direction is positive, i.e. there is a high level of agreement on the axis paragraphs.

7) Testing and discussing the study Hypotheses

The main Hypotheses:

In this part will be test the hypotheses that is stated: “There is a statistically significant relationship, at a confidence level of 5%, between independent axes (client strategy analysis, risk of material misstatements in the financial statements, inevitable risk while performing the audit, risk of the auditor’s assessment of the internal control environment and the risk of the auditor performing audit tests) and between increasing the efficiency and effectiveness of the audit process”.

The main Hypotheses diverges into five sub-Hypotheses. The accuracy of these Hypotheses was checked by using Pearson Correlation Coefficient to measure the relationship between the independent axes and the dependent variable “increasing the efficiency and effectiveness of the audit process”. Statistically, we test the null hypothesis (H0), which assumes the absence of a statistically significant relationship versus the alternative hypothesis (H1) that assumes a statically significant relationship. The test result is judged according to the calculated level of significance value (Sig) where the null hypothesis is rejected and the validity of the alternative hypothesis is achieved if the (Sig) value was less than 0.05 and therefore the test is said to be significant. The null hypothesis is accepted if the value of (Sig) was found to be higher than 0.05, concluding that there is no statistically significant relationship.

The following are the results of testing the sub-Hypotheses and the main Hypotheses to investigate the existence of relationship between the independent variables (Client strategy analysis, Risk of material misstatements in the financial statements, inevitable risk during the audit process, the risk of auditor’s assessment of the internal control environment, and the risk of the auditor performing the audit tests) and the dependent variable “increasing the efficiency and effectiveness of the audit process”

- Testing the first sub-Hypotheses “There is a statistically significant at the level 0.05 between client strategy analysis and increasing the efficiency and effectiveness of the audit process”

▪ Pearson Correlation Coefficient between the independent variable “Client strategy analysis” and the dependent variable “Increasing the efficiency and effectiveness of the audit process” was found to be ($r = 0.612$). This correlation was statistically significant at 0.05, where the calculated level of significance value was (Sig = 0.000), which indicates that “there is a statistically significant relationship at the level 0.05 between client strategy analysis and increasing the efficiency and effectiveness of the audit process”. This result is consistent with the study Hypotheses. Table (34) shows that.



- Testing the second sub-Hypotheses “There is a statistically significant at the level 0.05 between the risk of material misstatements in the financial statements and increasing the efficiency and effectiveness of the audit process”
 - Pearson Correlation Coefficient between the independent variable “The risk of material misstatements in the financial statements” and the dependent variable “Increasing the efficiency and effectiveness of the audit process” was found to be ($r = 0.545$). This correlation was statistically significant at 0.05, where the calculated level of significance value was ($\text{Sig} = 0.000$), which indicates that “there is a statistically significant relationship at the level 0.05 between the risk of material misstatements in the financial statements and increasing the efficiency and effectiveness of the audit process”. This result is consistent with the study Hypotheses. Table (35) shows that.
- Testing the third sub-Hypotheses “There is a statistically significant at the level 0.05 between the inevitable risk during the audit process and increasing the efficiency and effectiveness of the audit process”
 - Pearson Correlation Coefficient between the independent variable “The inevitable risk during the audit process” and the dependent variable “Increasing the efficiency and effectiveness of the audit process” was found to be ($r = 0.320$). This correlation was statistically significant at 0.05, where the calculated level of significance value was ($\text{Sig} = 0.003$), which verifies “the existence of a statistically significant relationship at the level 0.05 between the inevitable risk during the audit process and increasing the efficiency and effectiveness of the audit process”. This result is consistent with the study Hypotheses. Table (36) shows that.
- Testing the fourth sub-Hypotheses “There is a statistically significant at the level 0.05 between the risk of auditor’s assessment of the internal control environment and increasing the efficiency and effectiveness of the audit process”
 - Pearson Correlation Coefficient between the independent variable “The risk of auditor’s assessment of the internal control environment” and the dependent variable “Increasing the efficiency and effectiveness of the audit process” was found to be ($r = 0.629$). This correlation was statistically significant at 0.05, where the calculated level of significance value was ($\text{Sig} = 0.000$), which indicates that “there is a statistically significant relationship at the level 0.05 between the risk of auditor’s assessment of the internal control environment and increasing the efficiency and effectiveness of the audit process”. This result is consistent with the study Hypotheses. Table (37) shows that.
- Testing the fifth sub-Hypotheses “There is a statistically significant at the level 0.05 between the risk of audit tests and increasing the efficiency and effectiveness of the audit process”
 - Pearson Correlation Coefficient between the independent variable “Risk of Audit tests” and the dependent variable “Increasing the efficiency and effectiveness of the audit process” was found to be ($r = 0.654$). This correlation was statistically significant at 0.05, where the calculated level of significance value was ($\text{Sig} = 0.000$), which indicates that “there is a statistically significant



relationship at the level 0.05 between the risk of audit tests and increasing the efficiency and effectiveness of the audit process”. This result is consistent with the study Hypotheses. Table (38) shows that.

In general, it is evident that the value of the Correlation Coefficient between the independent axes as a whole and the dependent variable “Increasing the efficiency and effectiveness of the audit process” was found to be ($r = 0.321$). This correlation was statistically significant at the level 0.05, where the calculated level of significance value was ($\text{sig} = 0.000$) which indicates the presence of a statistically significant relationship between the independent axes as a whole and increasing the efficiency and effectiveness of the audit process. Table (39) shows that.

In light of the above, we can verify the validity of the main Hypotheses of the study, which assumes “the existence of a statistically significant relationship at the level 0.05 between the independent axes (Client strategy analysis, Risk of material misstatements in the financial statements, inevitable risk during the audit process, the risk of auditor’s assessment of the internal control environment, and the risk of the auditor performing the audit tests) and increasing the efficiency and effectiveness of the audit process”. This result is consistent with the main study Hypotheses.

Conclusions and recommendations

1. The study conclusions:

- 1) It was revealed that, through client strategy analysis, auditors are more able to detect internal and external strategic risks for the client, and therefore increasing the efficiency and effectiveness of the audit process. The total score for the axis was 79%.
- 2) Avoiding any material misstatements in the financial statements and increasing the auditors’ ability to detect material misstatements leads to a reduction in the inevitable risk. The total score for the axis was 76%.
- 3) The importance of increasing analytical tests during the audit process in order to minimize the risk of audit tests to the lowest limit as this contributes to increasing the efficiency and effectiveness of the audit process. The total score for the axis was 76%.
- 4) The auditor’s assessment of the internal control environment has an impact on the efficiency and effectiveness of the audit process. This indicates the importance of the auditor’s examination of the internal control systems in a professional and precise manner, which contributes to increasing the efficiency and effectiveness of the audit process. The total score for the axis was 76%.
- 5) The accuracy & clarity of the information produced by the accounting system & the accuracy & reasonableness of the accounting estimates indicate a reduction in the risk of material misstatements in the financial statements. The total score for the axis was 78%.
- 6) It was found that, the audit office can increase the efficiency and effectiveness of the audit process through the fulfillment of promises made to the



clients in a timely manner, through maintaining accurate and organized records of its work, and by maintain communication with the clients.

7) The results of the statistical analysis showed “the existence of a statistically significant relationship at the level 0.05 between the independent axes (Client strategy analysis, Risk of material misstatements in the financial statements, inevitable risk during the audit process, the risk of auditor’s assessment of the internal control environment, and the risk of the auditor performing the audit tests) and increasing the efficiency and effectiveness of the audit process” . This result is consistent with the main study Hypotheses.

2. Study recommendations

- 1) It is necessary for auditors to use client strategy analysis in order to increase the level of efficiency and effectiveness of the audit process.
- 2) Auditors should be keen to provide personal attention to the clients and to understand their issues.
- 3) Auditors need to provide their services to customers promptly when sought, and they should sustain good communication with customers on an ongoing basis, additionally auditors need to provide any professional information necessary to meet their needs, as this boosts the efficiency and effectiveness of the audit process.
- 4) The need for auditors to analyze and monitor the data provided by the periodic reports and to measure the effectiveness of the control systems procedures on the day-to-day operations of the entity, as this helps reduce the risk of assessing the internal control environment.
- 5) The importance of using the comparison approach, whether comparing customer data with customer expectations or comparing customer data across different time periods, which contributes to the detection of the risk of audit tests and thus increases the efficiency of the audit process.
- 6) Auditors should be keen to obtain the highest academic and professional certificates, as this contributes to advancing their academic, practical and professional abilities, thus increasing the efficiency and effectiveness of the audit process.



List of Tables

Table (1)

illustrates the distribution of the paragraphs of the study instrument across the axes

Axis	No. of paragraphs
Client strategy analysis	14
Risk of material misstatements in the financial statements	13
Inevitable risk during the audit	9
Risk of the auditor's assessment of internal control environment	12
Risk of audit tests	12
Efficiency and effectiveness of the audit process(dependent variable)	16
Total paragraphs	76

Table (2)

scoring the study instrument based on the five point Likert scale

Answer degree	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	5	4	3	2	1

Table (3)

levels of agreement for the study's paragraphs and axes

Level of agreement	Very low	Low	Average	High	Very High
Arithmetic average	lower than 1.80	1.8 to 2.59	2.6 to 3.39	3.40 to 4.19	Higher than 4.20
Relative weight	Lower than 36%	36 to 51.9%	52 to 67.9%	68 to 83.9%	Higher than 84%

Table (4)

correlation coefficients (validity) between the total score of the questionnaire and the axes (*statistically significant at the level 0.05)

Axis	No. of paragraphs	Correlation coefficient	Level of significance
Client strategy analysis	14	*0.878	0.000
Risk of material misstatement in the financial statements	13	*0.736	0.000
Inevitable risk during the audit	9	*0.615	0.000
The risk of auditor's assessment of the internal control environment	12	*0.873	0.000
Risk of audit tests	12	*0.885	0.000
Independent axes as a whole	60	*0.991	0.000
Efficiency and effectiveness of the audit process (dependent variable)	16	*0.896	0.000



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Table (5)
internal consistency coefficients of the first axis paragraphs (*statistically significant at the level 0.05)

No .	Paragraph	Correlation coefficient	Level of significance
1	The auditors reduce the risk of misstatements in the client's financial statements	*0.679	0.000
2	The auditor receives adequate support from the office management to be able to carry out his work to the fullest extent	*0.639	0.000
3	Auditors understand clients' issues	*0.684	0.000
4	Auditors are interested in solving clients' problems peacefully	*0.672	0.000
5	Auditors are keen to provide personal attention to the client	0.348	0.055
6	Auditors are always keen to identify clients' needs and demands	*0.660	0.000
7	Auditors are keen to express impartial and fair technical opinions about the financial statements	*0.670	0.000
8	Audit offices are keen to maintain communication with the clients	*0.644	0.000
9	Audit offices are keen to keep their promises to the clients at the specified time	*0.588	0.000
10	Audit offices' financial reports meet client requirements	*0.584	0.001
11	Auditors try to identify unethical behaviors of management or employees	*0.449	0.011
12	Auditors assist in detection of internal and external strategic risks	*0.532	0.002
13	Auditors focus on the most important risks to the client relating to the financial statements	*0.718	0.000
14	Guidance of the client to how to deal with internal and external business risk, thus improving the client performance.	*0.592	0.000

Table (6)
the coefficients of the internal consistency for the paragraphs of the second axis.(*statistically significant at the level 0.05)

No.	Paragraph	Correlation coefficient	Level of significance
1	Auditors request written statements from management that there is no tampering with the financial data.	*0.433	0.015
2	Auditors carry out the audit, taking into account the possibility of tampering with the financial data.	*0.377	0.040
3	Auditors carry out the required procedures to obtain the information necessary to identify and assess the risks of material misstatements	*0.553	0.001
4	Auditors notify the responsible parties about any deficiencies in the internal control system.	*0.656	0.000
5	Auditors conduct periodic interviews with employees interested in the risks of material misrepresentation and manipulation of financial data.	*0.474	0.007
6	Auditors conduct an audit to analyze selected opening accounts in the balance sheet of previously audited financial data.	*0.520	0.003
7	Auditors are committed to revising accounting estimates to identify deviations that lead to material misstatements.	*0.805	0.000
8	The auditors document any fraudulent work discovered during the audit process.	*0.593	0.000



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9	In the event of there being a manipulation or material misstatements in the data and the management abstention from correction, the auditors take the appropriate position.	*0.735	0.000
10	During the audit process, auditors are keen to attend the actual stock inventory process and verify the evaluation method implemented.	*0.739	0.000
11	The nature of the procedures of the entity being audited affects the inherent risks.	*0.396	0.030
12	The accuracy and clarity of information produced by the accounting system affects the financial statements.	*0.480	0.006
13	The size of the entity affects the risk of material misstatements in the financial statements.	0.306	0.094

Table (7)
the coefficients of the internal consistency for the paragraphs of the third axis>(*statistically significant at the level 0.05)

No.	Paragraph	Correlation coefficient	Level of significance
1	There is a possibility that account or accounting operations may be exposed to material misstatement.	*0.625	0.000
2	There is a weakness in internal controls over audit processes.	*0.391	0.033
3	Financial transactions submitted by the auditor are subject to material misstatements.	*0.613	0.000
4	The entity is keen to avoid any material misstatements in the financial statements	*0.426	0.017
5	There is weakness in the ability of auditors to detect material misstatements	*0.503	0.004
6	The possibility for long-term judicial disputes.	*0.593	0.000
7	Electronic accounting information systems are used.	*0.535	0.002
8	Awareness of items and accounts that are inherently dangerous.	*0.536	0.002
9	Facilitate review of management estimates	*0.404	0.024

Table (8)
the coefficients of the internal consistency for the paragraphs of the fourth axis>(*statistically significant at the level 0.05)

No.	Paragraph	Correlation coefficient	Level of significance
1	There is an elaborate system for internal control at financial companies.	*0.535	0.002
2	Boards of directors cooperate with the executive management when establishing the internal control system.	*0.712	0.000
3	The internal control system is implemented by the Internal Audit Department.	*0.705	0.000
4	Internal control systems have procedures in place to ensure implementing the audit.	*0.579	0.001
5	The Internal Audit Department discusses the internal control system with the external auditor.	*0.658	0.000
6	Procedures are reviewed by the internal auditor to ensure that they comply with policies, plans, systems, laws and regulations.	*0.703	0.000
7	There is an internal control environment that ensures review of financial operations.	*0.643	0.000



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8	There are clear criteria for assessing internal control.	*0.835	0.000
9	Audit committees ensure that ethical standards are in place and ensure compliance.	*0.669	0.000
10	Written objectives of internal audit responsibilities are reviewed by the Audit Committee.	*0.700	0.000
11	Analysis of the data provided by the periodic reports reduces control risk.	*0.586	0.001
12	The entity is working to increase the effectiveness of the procedures of internal control systems.	*0.595	0.000

Table (9)

the coefficients of the internal consistency for the paragraphs of the fifth axis>(*statistically significant at the level 0.05)

No.	Paragraph	Correlation coefficient	Level of significance
1	Auditors perform analytical audit tests for the audited statements and accounts.	*0.720	0.000
2	Analytical audit tests are used well in the Gaza Strip to obtain sufficient evidence to verify the validity of financial balances.	*0.603	0.000
3	Applied analytical tests tries to achieve all objectives mentioned in the International Audit Manual related to analytical audit.	*0.630	0.000
4	Auditors compare between different time periods and use ratios to link information	*0.729	0.000
5	Auditors compare between financial and non-financial information to ensure the reasonableness of balances provided in the financial statements.	*0.531	0.002
6	Auditors are guided by the audit manuals and international accounting standards.	*0.694	0.000
7	Auditors compare actual client data with client expectations.	*0.374	0.000
8	Auditors use the statistical sampling approach to ensure the validity of the financial statements.	*0.612	0.000
9	Auditors test the appropriateness of accounting entries in the journal and ledger and any modifications performed when preparing the data.	*0.572	0.001
10	Auditors seek the help of specialized experts when necessary.	*0.833	0.000
11	Auditors compare financial data being audited with data from previous periods.	*0.733	0.000
12	Auditors carefully define the scope of the audit process.	*0.753	0.000



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Table (10)

the coefficients of the internal consistency for the paragraphs of the dependent variable. (*statistically significant at the level 0.05)

No.	Paragraph	Correlation coefficient	Level of significance
1	The auditors complete all audit procedures and achieve its objectives.	*0.763	0.000
2	The information provided by the audit reports assists decision-makers in making their decision	*0.692	0.000
3	Clients feel confident in the provided audits	*0.613	0.000
4	The audit process meets all of its objectives.	*0.726	0.000
5	Audit reports meet client requirements and legal standards.	*0.497	0.005
6	Audit process is designed and performed according to the professional standards.	*0.411	0.024
7	There is a guarantee for carrying out audit tasks and operations according to professional work standards.	*0.649	0.000
8	Audit offices maintain records and entries that are precise and organizing to their work.	*0.600	0.001
9	Audit offices are keen to maintain communication with the clients.	*0.432	0.017
10	Audit processes are done away from any side effects	*0.528	0.003
11	Audit offices commit to submitting the audit report in accordance with generally accepted principles.	*0.538	0.002
12	Audit offices work on developing the abilities and skills of auditors.	*0.651	0.000
13	Audit offices use modern technological techniques to perform their tasks.	*0.725	0.000
14	Auditors possess a High degree of professionalism and skill when conducting the audit.	*0.674	0.000
15	Auditors receive sufficient support from management to carry out their work.	*0.641	0.000
16	Audit offices are committed to professional ethics in the audit processes	*0.698	0.000

Table (11)

reliability of the study instrument using split-half method

Axis	No. of paragraphs	Correlation coefficient before modification	Correlation coefficient after modification
Client strategy analysis	13	0.761	0.865
The risk of material misstatement in the financial statements	12	0.426	0.598
Inevitable risk during the audit process	9	0.461	0.633
The risk of auditor's assessment of the internal control environment	12	0.811	0.895
Risk of audit tests	12	0.760	0.864
Independent axes as a whole	58	0.900	0.948
Efficiency and effectiveness of the audit process (dependent variable)	16	0.759	0.863
The questionnaire as a whole	74	0.923	0.960



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Table (12)
reliability of the study instrument using Cronbach's Alpha method

No.	Axis	No. of paragraphs	Cronbach's Alpha coefficient
1	Client strategy analysis	13	0.873
2	The risk of material misstatement in the financial statements	12	0.831
3	Inevitable risk during the audit process	9	0.662
4	The risk of auditor's assessment of the internal control environment	12	0.890
5	Risk of audit tests	12	0.876
6	Independent axes as a whole	58	0.955
7	Efficiency and effectiveness of the audit process (dependent variable)	16	0.897
	The questionnaire as a whole	74	0.967

Table (13)
normal distribution of the study variables test

No.	Axis	Test value	Significance level
1	Client strategy analysis	0.091	0.200
2	The risk of material misstatement in the financial statements	0.110	0.200
3	Inevitable risk during the audit process	0.121	0.200
4	The risk of auditor's assessment of the internal control environment	0.140	0.129
5	Risk of audit tests	0.104	0.200
6	Efficiency and effectiveness of the audit process (dependent variable)	0.109	0.200
	The questionnaire as a whole	0.107	0.200

Table (14)
study sample description based on gender

Gender	Number	Percentage %
Male	62	73.8
Female	22	26.2
Total	84	100.0

Table (15)
study sample description based on age

Age	Number	Percentage %
Under 30 years	43	51.2
30 – 40 years	25	29.8
41 – 50 years	7	8.3
Over 50 years	9	10.7
Total	84	100.0



Table (16)

study sample description based on years of experience

Years of experience	Number	Percentage %
Under 5 years	41	48.8
5 – 13 years	19	22.6
14 – 20 years	12	14.3
Over 20 years	12	14.3
Total	84	100.0

Table (17)

study sample description based on academic qualifications

Academic qualification	Number	Percentage %
Diploma	5	6.0
Bachelor	62	73.8
Master	15	17.9
Doctorate	2	2.4
Total	84	100.0

Table (18)

study sample description based on job description

Job description	Number	Percentage %
Auditor	43	51.2
Audit manager	19	22.6
Audit assistant	17	20.2
Audit office owner	5	6.0
Total	84	100.0

Table (19)

study sample description based on academic specialization

Academic specialization	Number	Percentage %
Accounting	81	96.4
Business administration	3	3.6
Total	84	100

Table (20)

study sample description based on professional certificates

Professional certificates	Number	Percentage %
American CBA	1	1.2
Arabic ACBA	25	29.8
None	40	47.6
Other (PCPA)	18	21.4
Total	84	100.0



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Table (21)

results of the statistical analysis of the axis “Client strategy analysis” (Relative weights in the table are rounded to the nearest integer)

No.	Paragraph	Average	Standard deviation	relative weigh	rank	Level of agreement
1	The auditors reduce the risk of misstatements in the client’s financial statements	4.14	0.62	83%	1	High
2	The auditor receives adequate support from the office management to be able to carry out his work to the fullest extent	4.05	0.67	81%	2	High
3	Auditors understand clients’ issues	3.85	0.67	77%	8	High
4	Auditors are interested in solving clients’ problems peacefully	3.99	0.71	80%	5	High
5	Auditors are always keen to identify clients’ needs and demands	3.93	0.75	79%	6	High
6	Auditors are keen to express impartial and fair technical opinions about the financial statements	4.01	0.78	80%	3	High
7	Auditors are keen to maintain communication with the clients	4.00	0.78	80%	4	High
8	Audit offices are keen to keep their promises to the clients at the specified time	3.99	0.78	80%	5	High
9	Audit offices’ financial reports meet client requirements	3.89	0.77	78%	7	High
10	Auditors try to identify unethical behaviors of management or employees	3.55	0.92	71%	10	High
11	Auditors assist in detection of internal & external strategic risks	3.82	0.76	76%	9	High
12	Auditors focus on the most important risks to the client relating to the financial statements	4.05	0.81	81%	2	High
13	Guidance of the client to how to deal with internal and external business risk, thus improving the client performance.	4.05	0.74	81%	2	High
	Total score of the axis	3.95	0.42	79%		High

Table (22)

T-Test result to verify if the answers average for the axis (Client strategy analysis) equals the neutral score (3) (* relevant at the level 0.05)

First axis	Average	Standard deviation	T-Test value	Level of significance
Client strategy analysis	3.95	0.42	*20.55	0.000



Business Risk Assessment Using Client Strategy Analysis Approach in order to Increase the Efficiency and Effectiveness of the Audit Process

Table (23)

results of the statistical analysis of the axis “The risk of material misstatement in the financial statements”

(Relative weights in the table are rounded to the nearest integer)

No.	Paragraph	Average	Standard deviation	relative weigh	rank	Level of agreement
1	Auditors request written statements from management that there is no tampering with the financial data.	3.95	0.70	79%	3	High
2	Auditors carry out the audit, taking into account the possibility of tampering with the financial data.	3.92	0.72	78%	5	High
3	Auditors carry out the required procedures to obtain the information necessary to identify and assess the risks of material misstatements	4.23	0.75	85%	1	Very High
4	Auditors notify the responsible parties about any deficiencies in the internal control system.	4.08	0.76	82%	2	High
5	Auditors conduct periodic interviews with employees interested in the risks of material misrepresentation and manipulation of financial data.	3.71	0.82	74%	10	High
6	Auditors conduct an audit to analyze selected opening accounts in the balance sheet of previously audited financial data.	3.79	0.75	76%	9	High
7	Auditors are committed to revising accounting estimates to identify deviations that lead to material misstatements.	3.82	0.81	76%	8	High
8	The auditors document any fraudulent work discovered during the audit process.	3.89	0.94	78%	6	High
9	In the event of there being a manipulation or material misstatements in the data and the management abstention from correction, the auditors take the appropriate position.	3.93	0.88	79%	4	High
10	During the audit process, auditors are keen to attend the actual stock inventory process and verify the evaluation method implemented.	3.89	0.84	78%	6	High
11	The nature of the procedures of the entity being audited affects the inherent risks.	3.93	0.75	79%	4	High
12	The accuracy and clarity of information produced by the accounting system affects the financial statements.	3.87	0.71	77%	7	High
	Total score of the axis	3.92	0.43	78%		High



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Table (24)

**T-Test result to verify if the answers average for the axis
(The risk of material misstatement in the financial statements) equals the
neutral score 3 (* relevant at the level 0.05)**

Second axis	Average	Standard deviation	T-Test value	Level of significance
The risk of material misstatement in the financial statements	3.92	0.43	*19.49	0.000

Table (25)

results of the statistical analysis of the axis “Inevitable risk during the audit process”

(Relative weights in the table are rounded to the nearest integer)

Paragraph	Average	Standard deviation	relative weigh	rank	Level of agreement
There is a possibility that account or accounting operations may be exposed to material misstatement.	4.13	0.74	83%	1	High
There is a weakness in internal controls over audit processes.	3.78	0.89	76%	6	High
Financial transactions submitted by the auditor are subject to material misstatements.	3.63	0.85	73%	8	High
The entity is keen to avoid any material misstatements in the financial statements	3.85	0.72	77%	3	High
There is weakness in the ability of auditors to detect material misstatements	3.39	0.97	68%	9	High
The possibility for long-term judicial disputes.	3.81	0.80	76%	4	High
Electronic accounting information systems are used.	3.69	0.92	74%	7	High
Awareness of items and accounts that are inherently dangerous.	3.92	0.73	78%	2	High
Facilitate review of management estimates	3.80	0.79	76%	5	High
Total score of the axis	3.78	0.43	76%		High

Table (26)

T-Test result to verify if the answers average for the axis (Inevitable risk during the audit process)

equals the neutral score 3 (* relevant at the level 0.05)

Third axis	Average	Standard deviation	T-Test value	Level of significance
Inevitable risk during the audit process	3.78	0.43	16.70*	0.000



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Table (27)

results of the statistical analysis of the axis “The risk of auditor’s assessment of the internal control environment”

(Relative weights in the table are rounded to the nearest integer)

Paragraph	Average	Standard deviation	relative weigh	rank	Level of agreement
There is an elaborate system for internal control at financial companies.	3.80	0.86	76%	5	High
Boards of directors cooperate with the executive management when establishing the internal control system.	3.87	0.76	77%	3	High
The internal control system is implemented by the Internal Audit Department.	3.78	0.77	76%	7	High
Internal control systems have procedures in place to ensure implementing the audit.	3.88	0.71	78%	2	High
The Internal Audit Department discusses the internal control system with the external auditor.	3.78	0.72	76%	7	High
Procedures are reviewed by the internal auditor to ensure that they comply with policies, plans, systems, laws and regulations.	3.88	0.72	78%	2	High
There is an internal control environment that ensures review of financial operations.	3.88	0.75	78%	2	High
There are clear criteria for assessing internal control.	3.69	0.96	74%	9	High
Audit committees ensure that ethical standards are in place and ensure compliance.	3.79	0.87	76%	6	High
Written objectives of internal audit responsibilities are reviewed by the Audit Committee.	3.75	0.79	75%	8	High
Analysis of the data provided by the periodic reports reduces control risk.	3.90	0.75	78%	1	High
The entity is working to increase the effectiveness of the procedures of internal control systems.	3.81	0.80	76%	4	High
Total score of the axis	3.82	0.47	76%		High

Table (28)

T-Test result to verify if the answers average for the axis (The risk of auditor’s assessment of the internal control environment) equals the neutral score 3 - (* relevant at the level 0.05)

Fourth axis	Average	Standard deviation	T-Test value	Level of significance
The risk of auditor’s assessment of the internal control environment	3.82	0.47	15.81*	0.000



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Table (29)

results of the statistical analysis of the axis “Risk of audit tests” (Relative weights in the table are rounded to the nearest integer)

Paragraph	Average	Standard deviation	relative weigh	rank	Level of agreement
Auditors perform analytical audit tests for the audited statements and accounts.	3.98	0.84	80%	2	High
Analytical audit tests are used well in the Gaza Strip to obtain sufficient evidence to verify the validity of financial balances.	3.62	0.85	72%	10	High
Applied analytical tests tries to achieve all objectives mentioned in the International Audit Manual related to analytical audit.	3.50	0.90	70%	11	High
Auditors compare between different time periods and use ratios to link information	3.75	0.85	75%	8	High
Auditors compare between financial and non-financial information to ensure the reasonableness of balances provided in the financial statements.	3.90	0.74	78%	3	High
Auditors are guided by the audit manuals and international accounting standards.	3.82	0.84	76%	6	High
Auditors compare actual client data with client expectations.	3.73	0.72	75%	9	High
Auditors use the statistical sampling approach to ensure the validity of the financial statements.	3.85	0.79	77%	5	High
Auditors test the appropriateness of accounting entries in the journal and ledger and any modifications performed when preparing the data.	3.88	0.73	78%	4	High
Auditors seek the help of specialized experts when necessary.	3.76	0.93	75%	7	High
Auditors compare financial data being audited with data from previous periods.	3.85	0.72	77%	5	High
Auditors carefully define the scope of the audit process.	3.99	0.72	80%	1	High
Total score of the axis	3.80	0.46	76%		High

Table (30)

T-Test result to verify if the answers average for the axis (Risk of audit tests) equals the neutral score 3 (* relevant at the level 0.05)

Fifth Axis	Average	Standard deviation	T-Test value	Level of significance
Risk of audit tests	3.80	0.46	*16.09	0.000



Table (31)

**summary of the results of the statistical analysis of the independent variables.
(Relative weights in the table are rounded to the nearest integer)**

Axis	Average	Standard deviation	Relative weight	T-Test value	Level of significance	Rank
Client strategy analysis	3.95	0.42	79%	*20.55	0.000	1
The risk of material misstatements in the financial statements	3.92	0.43	78%	*19.49	0.000	2
Inevitable risk during the audit process	3.78	0.43	76%	*16.70	0.000	5
The risk of auditor's assessment of the internal control environment	3.82	0.47	76%	*15.81	0.000	3
Risk of audit tests	3.80	0.46	76%	*16.09	0.000	4
Total score of the domain	3.86	0.35	77%	*22.18	0.000	

Table (32)

results of the statistical analysis of the axis "Efficiency and effectiveness of the audit process"

(Relative weights in the table are rounded to the nearest integer)

No.	Paragraph	Average	Standard deviation	relative weigh	rank	Level of agreement
1	The auditors complete all audit procedures and achieve its objectives.	4.00	0.68	80%	1	High
2	The information provided by the audit reports assists decision-makers in making their decision	4.00	0.64	80%	1	High
3	Clients feel confident in the provided audits	3.88	0.82	78%	5	High
4	The audit process meets all of its objectives.	3.80	0.89	76%	8	High
5	Audit reports meet client requirements and legal standards.	3.80	0.75	76%	8	High
6	Audit process is designed and performed according to the professional standards.	3.76	0.73	75%	9	High
7	There is a guarantee for carrying out audit tasks and operations according to professional work standards.	3.73	0.80	75%	10	High
8	Audit offices maintain records and entries that are precise and organizing to their work.	3.89	0.85	78%	4	High
9	Audit offices are keen to maintain communication with the clients.	3.99	0.82	80%	2	High
10	Audit processes are done away from any side effects	3.93	0.82	79%	3	High
11	Audit offices commit to submitting the audit report in accordance with generally accepted principles.	3.88	0.79	78%	5	High



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12	Audit offices work on developing the abilities and skills of auditors.	3.81	0.92	76%	7	High
13	Audit offices use modern technological techniques to perform their tasks.	3.86	0.90	77%	6	High
14	Auditors possess a high degree of professionalism and skill when conducting the audit.	3.89	0.77	78%	4	High
15	Auditors receive sufficient support from management to carry out their work.	3.86	0.72	77%	6	High
16	Audit offices are committed to professional ethics in the audit processes	4.00	0.64	80%	1	High
Total score of the axis		3.88	0.43	78%	High	

Table (33) T-Test result to verify if the answers average for the axis (Efficiency and effectiveness of the audit process) equals the neutral score 3 - (* relevant at the level 0.05)

Sixth axis	Average	Standard deviation	T-Test value	Level of significance
Efficiency and effectiveness of the audit process	3.88	0.43	*18.66	0.000

Table (34)

Results of testing “The relationship between client strategy analysis and increasing the efficiency and effectiveness of the audit process” (*statistically significant at the level 0.05)

Independent variable	Dependent variable		
	No. of answers (N)	Pearson correlation coefficient (r)	Level of significance (Sig.)
Client strategy analysis	83	*0.612	0.000

Table (35)

Results of testing “The relationship between the risk of material misstatements in the financial statements and increasing the efficiency and effectiveness of the audit process” (*statistically significant at the level 0.05)

Independent variable	Dependent variable		
	No. of answers (N)	Pearson correlation coefficient (r)	Level of significance (Sig.)
The risk of material misstatements in the financial statements	83	*0.545	0.000



Table (36)

Results of testing “The relationship between the inevitable risk during the audit process and increasing the efficiency and effectiveness of the audit process” - (*statistically significant at the level 0.05)

Independent variable	Dependent variable		
	No. of answers (N)	Pearson correlation coefficient (r)	Level of significance (Sig.)
Inevitable risk during the audit process	83	*0.320	0.003

Table (37)

Results of testing “The relationship between the risk of auditor’s assessment of the internal control environment and increasing the efficiency and effectiveness of the audit process” - (*statistically significant at the level 0.05)

Independent variable	Dependent variable		
	No. of answers (N)	Pearson correlation coefficient (r)	Level of significance (Sig.)
The risk of auditor’s assessment of the internal control environment	83	*0.629	0.000

Table (38)

Results of testing “The relationship between the risk of audit tests and increasing the efficiency and effectiveness of the audit process” - (*statistically significant at the level 0.05)

Independent variable	Dependent variable		
	No. of answers (N)	Pearson correlation coefficient (r)	Level of significance (Sig.)
Risk of audit tests	83	*0.654	0.000

Table (39)

Summarized Results of testing the first Hypotheses and the related sub-Hypotheses

Independent variable	Dependent variable		
	No. of answers (N)	Pearson correlation coefficient (r)	Level of significance (Sig.)
Client strategy analysis	83	*0.612	0.000
Risk of material misstatements in the financial statements	83	*0.545	0.000
Inevitable risk during the audit process	83	*0.320	0.003
Risk of the auditor’s assessment of the internal control environment	83	*0.629	0.000
Risk of audit tests	83	*0.654	0.000
Independent axes as a whole	83	*0.713	0.000



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قياس خطر الأعمال باستخدام مدخل تحليل الاستراتيجية بغرض رفع كفاءة وفاعلية عملية المراجعة (دراسة على مكاتب التدقيق في قطاع غزة)

المستخلص:

تهدف هذه الدراسة بشكل رئيس إلى التعرف على مخاطر الأعمال باستخدام مدخل تحليل استراتيجية العميل بهدف رفع كفاءة وفاعلية عملية المراجعة، حيث تم دراسة مخاطر الأعمال وتأثيرها على كفاءة وفاعلية عملية المراجعة لتكوين إطاراً نظرياً حول الهدف الأساس لهذه الدراسة، وقد اتبعت الدراسة المنهج الوصفي التحليلي وتم إعداد الاستبانة وتوزيعها على مجتمع الدراسة المتمثل في مكاتب التدقيق والذين يملكون ترخيص لمزاولة المهنة من جمعية مدققي الحسابات في قطاع غزة والعاملين بمكاتب التدقيق والذين يبلغ عددهم (63) مدققاً، ولقد تم توزيع 100 استبانة على عينة الدراسة وقد تم استرداد 84 استبانة، وتم تحليل البيانات باستخدام برنامج الرزم الاحصائية (SPSS)

ومن أهم النتائج: باستخدام منهج تحليل الاستراتيجية تبين وجود قدرة للمدققين على الكشف عن المخاطر الاستراتيجية الداخلية والخارجية للعميل وبالتالي زيادة كفاءة وفاعلية عملية المراجعة، وإن تلافي أي أخطاء مادية في القوائم المالية وزيادة قدرة المراجعين على اكتشاف الأخطاء المادية يعمل على تخفيض الخطر الحتمي.

وكان من أهم توصيات الدراسة: ضرورة قيام المدققين باستخدام تحليل استراتيجية العميل لزيادة مستوى كفاءة وفاعلية عملية المراجعة، ومتابعتها، وقياس مستوى فعالية إجراءات أنظمة الضبط والرقابة على عمليات المنشأة اليومية، حيث إن ذلك يساعد في تخفيض خطر تقييم بيئة الرقابة الداخلية.

الكلمات المفتاحية: التدقيق، تحليل الاستراتيجية، مخاطر الاستراتيجية الداخلية والخارجية، تحليل استراتيجية العميل، التدقيق في قطاع غزة